

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type [] City [] Township [] Village [X] Other		Local Government Name Midland County Road Commission	County Midland
Audit Date December 31, 2005	Opinion Date April 13, 2006	Date Accountant Report Submitted to State: April 30, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

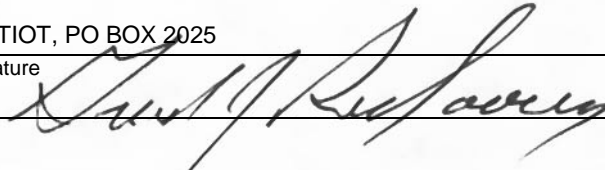
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | | | | |
|-----|-----|-----|----|---|
| [] | Yes | [X] | No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| [] | Yes | [X] | No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| [] | Yes | [X] | No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| [] | Yes | [X] | No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| [] | Yes | [X] | No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| [] | Yes | [X] | No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| [] | Yes | [X] | No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| [] | Yes | [X] | No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| [] | Yes | [X] | No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025		City SAGINAW	State MI
Zip 48605		Accountant Signature 	



Midland County Road Commission
(A Component Unit of Midland County)

Sanford, Michigan

Financial Statements

For the Year Ended December 31, 2005

MIDLAND COUNTY ROAD COMMISSION
(A Component Unit of Midland County)

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REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

April 13, 2006

Members of the Board of County
Road Commissioners
County of Midland, Michigan
Sanford, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the **Midland County Road Commission**, a component unit of Midland County, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Road Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Midland County Road Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the **Midland County Road Commission** as of December 31, 2005, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-9 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Road Commission's basic financial statements. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the **Midland County Road Commission**. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Midland County Road Commission's financial performance provides an overview of the Road Commission's financial activities for the calendar year ended December 31, 2005. The annual report consists of a series of financial statements. The Statements of Net Assets and the Statement of Activities provide information about the activities of the Road Commission and present a long-term view of the Road Commission's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Road Commission's operations in more detail than the government-wide financial statements.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and an additional section that presents the operating fund broken down between primary, local and county road funds. The basic financial statements include two kinds of statements that present different views of the Road Commission:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Road Commission's overall financial status. These statements report information about the Road Commission as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Road Commission's net assets and how they have changed. "Net assets" is the difference between the assets and liabilities-this is one way to measure the Road Commission's financial health or position.
- The remaining statements are fund financial statements that focus on individual funds; reporting the operations in more detail than the government-wide statements.

Note that Midland County government-wide financial statements are not herein presented because the Road Commission is a component unit of the county. The county presents their financial statements elsewhere and in a manner partially resembling private-sector business in its government-wide financial statements in compliance with GASB Statement No. 34.

Government-wide Statements

The statement of net assets presents information on all of the Road Commission's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of activities presents information showing how the Road Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related* cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in past or future fiscal periods (for instance, depreciation expense associated with capital assets).

The component unit financial statements are principally supported by state shared revenues (operating grants). The governmental activities of the Road Commission include providing construction, repair, maintenance, and snow removal of roads within Midland County.

The government-wide financial statements include only the Road Commission itself (known as the *Primary government*). The Road Commission has no legally separate component units for which the Road Commission is financial accountable. In this report, financial information for the Road Commission is reported separately from the financial information presented for Midland County which reports the Road Commission as a component unit.

The government-wide financial statements can be found on pages 10 and 12 of this report.

Fund financial statements. A *fund* is grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Road Commission, like other units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activity of the Road Commission is accounted for in a governmental fund (General Fund).

Governmental funds. *Governmental funds* (General Fund) are used to account for essentially the same function reported in the government-wide financial statements. However, unlike the government-wide financial statements, general fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the general fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the general fund with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the general fund balance sheet and the general fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the general fund and the government-wide statements.

The Road Commission maintains one governmental fund (the General Fund). Information is presented in the general fund balance sheet and in the general fund statement of revenues, expenditures, and changes in fund balances for the Road Commission. The general fund is a major fund for financial reporting purposes as defined by GASB Statement #34.

The Road Commission adopts an annual appropriated budget for its fund. A budgetary comparison statement has been provided herein to demonstrate compliance with that budget.

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund can be found on pages 14 through 15 of this report.

The Road Commission does not maintain proprietary nor fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the Road Commission's financial statements. The notes to the financial statements can be found on pages 16 through 24 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management discussion and analysis.

Government-wide Financial Analysis

The Road Commission's net assets increased approximately 25% or \$5,093,358, from \$20,167,478 to \$25,281,337 for the year ended December 31, 2005. The net assets and change in net assets are summarized below.

Midland County Road Commission Net Assets:

	<u>2005</u>	<u>2004</u>	<u>Change</u>	<u>%</u>
Current and other assets	\$ 4,176,676	\$ 4,215,906	\$ (39,230)	-1.0%
Capital assets	<u>23,003,851</u>	<u>17,693,158</u>	<u>5,310,693</u>	30.1%
Total assets	<u>27,180,527</u>	<u>21,909,064</u>	<u>5,271,463</u>	24.1%
Long-term liabilities outstanding	431,613	428,959	2,654	0.7%
Other liabilities	<u>1,467,577</u>	<u>1,312,627</u>	<u>154,950</u>	11.8%
Total liabilities	<u>1,899,190</u>	<u>1,741,586</u>	<u>157,604</u>	9.1%
Net assets:				
Invested in capital assets, net of related debt	23,003,851	17,693,158	5,310,693	30.1%
Unrestricted	<u>2,277,486</u>	<u>2,474,320</u>	<u>(196,834)</u>	-8.0%
Total net assets	<u>\$ 25,281,337</u>	<u>\$ 20,167,478</u>	<u>\$ 5,113,859</u>	25.4%

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Midland County Road Commission, assets exceeded liabilities by \$25,281,337 at the close of the most recent fiscal year.

By far the largest portion of the Midland County Road Commission's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Although the Midland County Road Commission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities

A summary of changes in net assets for the years ended December 31, 2005 and 2004 follows:

	December 31 2005	December 31 2004
Program revenue		
Charges for services	\$ 2,384,230	\$ 1,620,936
Operating grants and contributions		
State transportation funds	5,757,398	5,895,508
Capital grants and contributions		
Federal and state sources	2,369,797	904,889
General revenue		
Taxes	1,039,158	1,005,718
Interest and rents	51,037	25,367
Grants not restricted to program	12,127	2,966
Gain on equipment disposal	<u>176,659</u>	<u>136,791</u>
Total revenue	11,790,406	9,592,175
Expenses		
Public Works	<u>6,676,547</u>	<u>6,168,655</u>
Increase (decrease) in net assets	<u>\$ 5,113,859</u>	<u>\$ 3,423,520</u>

Governmental activities increased the Midland County Road Commission's net assets by \$5,113,859. The key elements of this increase are as follows:

- There was a 161% increase in capital grants and contributions from Federal and State sources from the prior year.

A summary of changes on the Operating fund is as follows:

	<u>For the year ended December 31, 2005</u>				Actual for the
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Year Ended</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	<u>December 31,</u>
				<u>(Negative)</u>	<u>2004</u>
Revenues					
Taxes	\$ 1,028,000	\$ 1,039,200	\$ 1,039,158	\$ (42)	\$ 1,005,718
Permits and licenses	20,000	20,000	17,225	(2,775)	14,475
Federal sources	700,000	1,902,000	1,900,883	(1,117)	696,959
State sources	6,048,200	6,234,200	6,226,312	(7,888)	6,103,438
Contributions	1,020,000	1,557,000	1,556,201	(799)	1,023,042
Charges for services	500,000	811,400	810,804	(596)	583,419
Interest and rentals	30,000	53,000	51,037	(1,963)	25,367
Other revenue	<u>80,015</u>	<u>192,215</u>	<u>188,786</u>	<u>(3,429)</u>	<u>139,757</u>
Total revenue	<u>9,426,215</u>	<u>11,809,015</u>	<u>11,790,406</u>	<u>(18,609)</u>	<u>9,592,175</u>
Expenditures					
Primary road construction	500,000	432,000	430,036	1,964	259,349
Primary road maintenance	5,150,000	6,346,000	6,344,927	1,073	5,123,134
Local road maintenance	3,900,000	4,370,000	4,369,703	297	3,584,478
State trunkline maintenance	500,000	585,500	585,231	269	491,034
State trunkline non-maintenance	-	236,700	236,552	148	120,734
Equipment expense (net)	(370,000)	(312,000)	(314,792)	2,792	(478,932)
Administrative expense (net)	460,000	401,500	391,763	9,737	406,183
Capital outlay (net)	90,000	(93,500)	(91,330)	(2,170)	117,894
Other	<u>20,000</u>	<u>33,000</u>	<u>32,496</u>	<u>504</u>	<u>298,452</u>
Total expenditures	<u>10,250,000</u>	<u>11,999,200</u>	<u>11,984,586</u>	<u>14,614</u>	<u>9,922,326</u>
Net change in fund balance	(823,785)	(190,185)	(194,180)	(3,995)	(330,151)
Fund balances, beginning of year	<u>2,903,279</u>	<u>2,903,279</u>	<u>2,903,279</u>	<u>-</u>	<u>3,233,430</u>
Fund balances, end of year	<u>\$ 2,079,494</u>	<u>\$ 2,713,094</u>	<u>\$ 2,709,099</u>	<u>\$ (3,995)</u>	<u>\$ 2,903,279</u>

General Fund Budgetary Highlights

Prior to the beginning of any year, the Road Commission's budget is compiled based upon certain assumptions and facts available at that time. During the year, the Road Commission Board acts to amend its budget to reflect changes in these original assumptions, facts and/or economic conditions that were unknown at the time the original budget was compiled. In addition, by policy, the Board reviews and authorizes large expenditures when requested throughout the year.

The final amended revenue budget for 2005 was \$2,382,800 higher than the original budget primarily due to the neighboring counties and township contributions and Federal sources of revenue. There was an increase in the Michigan Transportation Funds due to new trailer registration fees. The actual revenue recognized during 2005 was less than the final amended budget by \$18,609.

The final amended expenditure budget for 2005 was \$1,749,200 greater than the original budget, mainly due to increases in primary and local road maintenance and other expenditures as a result of an increase in county and township contributions and federal sources of revenue. The actual expenditures recognized during 2005 were less than the final amended budget by \$14,614. There was an unfavorable variance in the capital outlay expenditure line item.

Capital Assets and Debt Administration

As of December 31, 2005 the Midland County Road Commission had invested \$22,983,350 in capital assets. This amount represents a net increase (including additions and deductions) of \$5,289,992 for 29% as follows:

	<u>2005</u>	<u>2004</u>	<u>Total Percentage Change 2004/2005</u>
Capital assets not being depreciated			
Land and improvements	\$ 3,619,170	\$ 3,619,170	0.00%
Land / right-of-way	<u>8,700</u>	<u>8,700</u>	0.00%
Subtotal	<u>3,627,870</u>	<u>3,627,870</u>	0.00%
Capital assets being depreciated			
Buildings	2,718,925	2,718,925	0.00%
Equipment	5,015,838	5,017,873	0.10%
Infrastructure	<u>17,559,801</u>	<u>11,412,645</u>	53.9%
Subtotal	<u>25,294,564</u>	<u>19,149,443</u>	32.1%
Total capital assets	28,922,434	22,777,313	27.0%
Total accumulated depreciation	<u>(5,918,583)</u>	<u>(5,084,155)</u>	<u>16.5%</u>
Total net capital assets	<u>\$ 23,003,851</u>	<u>\$ 17,693,158</u>	30.1%

Major capital asset events during the current fiscal year included the following:

Reconstruction of bridges	\$ 11,316
Various resurfacing of roads	6,135,840
Equipment	<u>657,441</u>
Total Additions	<u>\$ 6,804,597</u>

The Midland County Road Commission disposed of equipment during 2005 with a purchase price of \$661,291, related depreciation of \$509,007 and a net book value of \$152,284.

Additional information on the Road Commission's capital assets can be found in note III.B. on page 21.

Long-term debt

At the year end, the Midland County Road Commission had no notes, bonds or installment purchase agreements.

Other obligations include accrued vacation and sick pay leave. More detailed information about the Road Commission's long-term liabilities is presented in Note III. C. to the financial statements.

Economic Factors and Next Year's Budgets and Rates

No significant factors influenced our preparation of the 2006 Road Commission budget.

Requests for Information

This financial report is designed to provide a general overview of the Road Commission's finances for all those with an interest in the component unit's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Midland County Road Commission, 2334 N. Meridian Rd., Sanford, Michigan 48657.

BASIC FINANCIAL STATEMENTS

MIDLAND COUNTY ROAD COMMISSION
STATEMENT OF NET ASSETS AND GENERAL FUND BALANCE SHEET
DECEMBER 31, 2005

	General Fund	Adjustments	Statement of Net Assets
ASSETS			
Cash and interest bearing deposits	\$ 883,194	\$ -	\$ 883,194
Accounts receivable			
State trunkline maintenance	90,262	-	90,262
Due on county road agreements	622,042	-	622,042
Motor vehicle highway funds	906,706	-	906,706
Property taxes	1,093,000	-	1,093,000
Due from other governments	69,644	-	69,644
Inventories			
Equipment material and parts	121,254	-	121,254
Road materials	445,015	-	445,015
Deferred expense	(54,441)	-	(54,441)
Capital assets			
Land and improvements / rights-of-way	-	3,627,870	3,627,870
Property and equipment - net of accumulated depreciation	-	3,433,060	3,433,060
Infrastructure - net of accumulated depreciation	-	15,942,921	15,942,921
Total assets	\$ 4,176,676	23,003,851	27,180,527
LIABILITIES			
Accounts payable	\$ 116,817	-	116,817
Accrued liabilities	63,391	-	63,391
Advances			
State trunkline equipment purchase	112,796	-	112,796
State trunkline maintenance	46,573	-	46,573
Other	35,000	-	35,000
Deferred revenue	1,093,000	-	1,093,000
Long-term liabilities			
Due within one year	-	157,272	157,272
Due after one year	-	274,341	274,341
Total liabilities	1,467,577	431,613	1,899,190
Fund Balance/Net Assets			
Fund balance			
Reserved for inventory	566,269	(566,269)	-
Unreserved, undesignated	2,142,830	(2,142,830)	-
Total fund balance	2,709,099	(2,709,099)	-
Total liabilities and fund balance	\$ 4,176,676		
Net Assets:			
Invested in capital assets		23,003,851	23,003,851
Unrestricted		2,277,486	2,277,486
Total net assets		\$ 25,281,337	\$ 25,281,337

The accompanying notes are an integral part of these financial statements.

MIDLAND COUNTY ROAD COMMISSION
Reconciliation of General Fund Balance Sheet
to Statement of Net Assets

DECEMBER 31, 2005

Fund balances - General Fund	\$ 2,709,099
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - land and improvements / right-of-way	3,627,870
Add - property and equipment	7,734,763
Add - infrastructure	17,559,801
Deduct - accumulated depreciation	(5,918,583)

Long-term accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(431,613)</u>
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Net assets of governmental activities	<u><u>\$ 25,281,337</u></u>
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The accompanying notes are an integral part of these financial statements.

MIDLAND COUNTY ROAD COMMISSION

STATEMENT OF ACTIVITIES AND GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2005

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Public works	\$ 5,179,989	\$ 1,496,558	\$ 6,676,547
Capital outlay	6,804,597	(6,804,597)	-
Total expenditures/expenses	<u>11,984,586</u>	<u>(5,308,039)</u>	<u>6,676,547</u>
Program revenue			
Charges for services	2,384,230	-	2,384,230
Operating grants and contributions			
State transportation funds	5,757,398	-	5,757,398
Capital grants and contributions			
Federal and state sources	<u>2,369,797</u>	<u>-</u>	<u>2,369,797</u>
Total program revenues	<u>10,511,425</u>	<u>-</u>	<u>10,511,425</u>
Net program revenue			<u>3,834,878</u>
General revenue			
Taxes	1,039,158	-	1,039,158
Interest and rents	51,037	-	51,037
Contributions not restricted to programs	12,127	-	12,127
Gain on sale of assets	<u>176,659</u>	<u>-</u>	<u>176,659</u>
Total general revenue	<u>1,278,981</u>	<u>-</u>	<u>1,278,981</u>
Total revenue	<u>11,790,406</u>		
Revenue over (under) expenditures	(194,180)	194,180	-
Changes in net assets	-	5,113,859	5,113,859
Fund balance/net assets:			
Beginning of the year, as restated	<u>2,903,279</u>	<u>17,264,199</u>	<u>20,167,478</u>
End of the year	<u><u>\$ 2,709,099</u></u>	<u><u>\$ 22,572,238</u></u>	<u><u>\$ 25,281,337</u></u>

The accompanying notes are an integral part of these financial statements.

MIDLAND COUNTY ROAD COMMISSION
Reconciliation of the General Fund Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities

FOR THE YEAR ENDED DECEMBER 31, 2005

Revenues (under) expenditures - General Fund	\$ (194,180)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	657,440
Add - Infrastructure purchases	6,147,157
Deduct - depreciation expense	(1,341,620)

Disposal of capital assets before they are fully depreciated results in the recording of an expense in the statement of activities, but does not require the use of current financial resources and therefore is not reported as an expenditure in the General Fund.

	(152,284)
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The change in the accrued compensated absences is reported as an expense in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in the General Fund.

	(2,654)
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Change in net assets of governmental activities	<u>\$ 5,113,859</u>
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The accompanying notes are an integral part of these financial statements.

MIDLAND COUNTY ROAD COMMISSION

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Taxes				
County millage	\$ 1,028,000	\$ 1,039,200	\$ 1,039,158	\$ (42)
Permits and licences	20,000	20,000	17,225	(2,775)
Federal sources				
Surface transportation program (STP)	400,000	1,073,000	1,072,411	(589)
D funds	100,000	611,000	610,706	(294)
Safety	200,000	218,000	217,766	(234)
State sources				
Michigan Transportation funds				
Engineering	10,000	10,000	10,000	-
Urban	550,000	567,704	567,704	-
Allocation	5,340,000	5,187,296	5,179,694	(7,602)
Economic development funds				
Rural primary (D)	100,000	421,000	420,779	(221)
Forest Road (E)	48,200	48,200	48,135	(65)
Contributions				
City and Villages	5,000	5,000	4,845	(155)
Townships	900,000	1,302,000	1,301,675	(325)
Other	115,000	250,000	249,681	(319)
Charges for services				
State trunkline maintenance	500,000	560,000	559,897	(103)
State trunkline non-maintenance	-	237,000	236,552	(448)
Salvage sales	-	10,000	9,992	(8)
Other	-	4,400	4,363	(37)
Interest and rentals	30,000	53,000	51,037	(1,963)
Other revenue				
Proceeds on equipment disposals	80,000	180,015	176,659	(3,356)
Private contributions	15	12,200	12,127	(73)
Total revenue	<u>\$ 9,426,215</u>	<u>\$ 11,809,015</u>	<u>\$ 11,790,406</u>	<u>\$ (18,609)</u>

The accompanying notes are an integral part of these financial statements.

MIDLAND COUNTY ROAD COMMISSION

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures				
Primary Road				
Construction	\$ 500,000	\$ 432,000	\$ 430,036	\$ 1,964
Heavy maintenance	3,300,000	3,951,000	3,950,222	778
Maintenance	1,850,000	2,395,000	2,394,705	295
Local Road				
Heavy maintenance	1,900,000	1,767,000	1,766,899	101
Maintenance	2,000,000	2,603,000	2,602,804	196
Total maintenance	9,550,000	11,148,000	11,144,666	3,334
State trunkline maintenance	500,000	585,500	585,231	269
State trunkline non-maintenance	-	236,700	236,552	148
Equipment expense (net)	(370,000)	(312,000)	(314,792)	2,792
Administrative expense (net)	460,000	401,500	391,763	9,737
Capital outlay (net)	90,000	(93,500)	(91,330)	(2,170)
Other				
Cities and Villages	20,000	33,000	32,496	504
Total expenditures	10,250,000	11,999,200	11,984,586	14,614
Net change in fund balance	(823,785)	(190,185)	(194,180)	(3,995)
Fund balances, beginning of year	2,903,279	2,903,279	2,903,279	-
Fund balances, end of year	<u>\$ 2,079,494</u>	<u>\$ 2,713,094</u>	<u>\$ 2,709,099</u>	<u>\$ (3,995)</u>

The accompanying notes are an integral part of these financial statements.

MIDLAND COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Midland County Road Commission (the “Road Commission”) conform to generally accepted accounting principles as applied to governmental units. The following is a summary of the significant policies.

A. Reporting Entity

The *Midland County Road Commission*, referred to as the Road Commission, is a discrete component unit of the County of Midland, Michigan. The Road Commission is used to control the expenditure of revenues from the State distribution of gas and weight taxes, reimbursements from the Department of State Highways for work done by the County on State trunklines, Federal Transportation funds, and contributions from other local units of government for work performed by the Road Commission.

The Road Commission is considered to be a component unit of the County because it is an entity for which the County is considered to be financially accountable.

The Road Commission, as a component unit of the County, is required by Public Act 51 of the State of Michigan, to have a separate audit performed of its operations. These audited financial statements have been prepared to meet this State requirement.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. *Governmental activities* are supported by taxes, charges for services and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

A combined financial statement is provided for the general fund balance sheet and the statement of net assets and the general fund statement of revenues, expenditures and changes in fund balance and the statement of activities. The general fund is considered to be a major fund for financial reporting purposes.

C. Measurement Focus Basis of Accounting and Financial Statement Presentation

The government-wide financial *statements* (statement of net assets and the statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability

MIDLAND COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS

is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund (general fund) *financial* statements (general fund balance sheet and general fund statement of revenues, expenditures and changes in fund balance) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences not expected to be paid in the current year and claims and judgments, are recorded only when payment is due.

State and federal revenue, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major *governmental* fund:

The *general fund* is the government's primary *operating* fund. It accounts for all financial resources of the general government.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits

Cash and cash equivalents consist of cash on hand, deposits in demand and time deposit accounts, money market deposits, and certificates of deposits with original maturities of less than 90 days.

2. Inventory

Inventory, consisting of various operating parts, supplies and road material, is stated at the lower of cost or market, using the FIFO (first-in, first-out) method.

3. Capital Assets

Capital assets, which include property, equipment and infrastructure assets (roads, bridges and similar items) are reported in the government-wide statements. Capital assets are defined by the Road Commission as assets with an initial, individual cost of more than \$1,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date donated.

MIDLAND COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded as capital expenditures at the time of purchase in the fund financial statements and are subsequently capitalized on the government-wide statements through an adjustment to the governmental fund (general fund) column.

The Uniform Accounting Procedures prescribed for Michigan County Road Commissions provide for recording depreciation in the General Operating Fund as a charge to various expense accounts and a credit to the depreciation contra expense account. Accordingly, the annual depreciation expense does not affect the available operating fund balance of the General Fund.

Depreciation is recorded over the estimated useful lives (ranging from five to fifty years) of the assets, using the sum-of-years digits method for road equipment and straight-line method for all other capital assets and infrastructure as follows:

Buildings	30 to 50 years
Road equipment	5 to 8 years
Shop equipment	10 years
Office equipment	4 to 10 years
Engineering equipment	4 to 10 years
Infrastructure – bridges	12 to 50 years
Infrastructure – roads	5 to 30 years
Infrastructure – traffic signals	15 years

4. State Trunkline Adjustments

Adjustments to available operating funds resulting from audits of State Trunkline maintenance expenditures are recorded at the time cash settlement is made. The amount of the adjustments, if any, for the year ended December 31, 2005, has not been determined. Based on past experience, the Road Commission does not believe the adjustment will be a material amount.

5. Compensated Absences

Vacation and sick leave payable is reported in the General Fund only for matured amounts, for example, as a result of employee resignations and retirements. The remaining portion is recorded as an adjustment to the fund financial statements which results in the government-wide statements including both short and long-term portions of this liability. The Road Commission allows employees to accumulate vacation and sick leave in varying amounts, depending on time of service and other factors.

MIDLAND COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

The Road Commission's procedures for establishing budgetary data are as follows:

The Engineer / Manager submits a proposed budget for the upcoming year to the Board of County Road Commissioners. The budget is reviewed by the Board and a public hearing is held. Prior to the beginning of the year, the budget is adopted and placed in the Board minutes by the Road Commission.

The budget for the General Operating Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts shown in the financial statements consist of those amounts contained in the formal budget approved and amended by the Board.

The Road Commission adopts a budget for the general operating fund by means of an appropriations act, on a departmental activity basis in summary form. Periodic internal reporting is on a detail basis in accordance with the state-prescribed uniform chart of accounts consistent with the way the books are maintained. The budget is prepared on the modified accrued basis of accounting.

Variances at the legal level of control are as disclosed on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.

III. DETAILED NOTES ON ALL FUNDS

A. **Deposits**

At year-end, the carrying amounts and bank balance of the Commission's deposits were as follows:

	Cash and Cash Equivalents
Cash on hand	\$ 200
Other demand accounts	<u>882,994</u>
	<u>\$ 883,194</u>

This entire balance is considered to be deposits for disclosure purposes.

Deposit and investment risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments.

MIDLAND COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase
- Bankers acceptances of United States banks
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service
- Mutual funds registered under the investment company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation
- External investment pools as authorized by Public Act 20 as amended through 12/31/97

The Commission's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Commission's investment policy does not have specific limits in excess of state law on investment credit risk. At year-end, the Commission had no investments and was therefore, not exposed to credit risk.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, The Commission's deposits may not be returned. State law does not require and the Commission does not have a policy for deposit custodial credit risk. At year-end, \$951,497 of the Commission's bank balance of \$1,051,497 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk. The Commission's investment policy does not have specific limits in excess of state law on concentration of credit risk. At year-end, The Commission had no investments and was therefore, not exposed to credit risk.

MIDLAND COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS

B. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2005</u>
Capital assets not being depreciated				
Land and improvements	\$ 3,619,170	\$ -	\$ -	\$ 3,619,170
Land / right-of-way	<u>8,700</u>	<u>-</u>	<u>-</u>	<u>8,700</u>
Total capital assets not being depreciated	<u>3,627,870</u>	<u>-</u>	<u>-</u>	<u>3,627,870</u>
Capital assets being depreciated				
Buildings	2,718,925	-	-	2,718,925
Road equipment	4,730,644	637,622	(656,464)	4,711,802
Shop equipment	144,222	1,644	(1,850)	144,016
Office equipment	82,575	8,285	(2,977)	87,883
Engineers equipment	62,247	9,890	-	72,137
Infrastructure – bridges	909,543	11,316	-	920,859
Infrastructure – roads	10,435,655	6,135,840	-	16,571,495
Infrastructure – traffic signals	<u>67,477</u>	<u>-</u>	<u>-</u>	<u>67,447</u>
Total capital assets being depreciated	<u>19,151,258</u>	<u>6,804,597</u>	<u>(661,291)</u>	<u>25,294,564</u>
Less accumulated depreciation				
Buildings	(658,030)	(54,406)	-	(712,436)
Road equipment	(3,303,337)	(526,374)	504,920	(3,324,791)
Shop equipment	(133,347)	(5,180)	1,110	(137,417)
Office equipment	(70,238)	(4,593)	2,977	(71,854)
Engineer's equipment	(49,268)	(5,935)	-	(55,203)
Infrastructure – bridges	(38,163)	(19,390)	-	(57,553)
Infrastructure – roads	(822,289)	(721,223)	-	(1,543,512)
Infrastructure – traffic signals	<u>(11,298)</u>	<u>(4,519)</u>	<u>-</u>	<u>(15,817)</u>
Total accumulated depreciation	<u>(5,085,970)</u>	<u>(1,341,620)</u>	<u>509,007</u>	<u>(5,918,583)</u>
Net capital assets being depreciated	<u>14,065,288</u>	<u>5,462,977</u>	<u>(152,284)</u>	<u>19,375,981</u>
Total net capital assets	<u>\$17,693,158</u>	<u>\$ 5,462,977</u>	<u>\$ (152,284)</u>	<u>\$ 23,003,851</u>

MIDLAND COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS

C. Long-Term Debt

Long-term liability activity for the year ended December 31, 2005 was as follows:

	<u>Balance January 1, 2005</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance December 31, 2005</u>	<u>Due Within One Year</u>
Compensated absences	\$ 428,959	\$ 2,654	\$ -	\$ 431,613	\$ 157,272

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Pension Plan

The Road Commission's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Road Commission participates in the Municipal Employees Retirement System (MERS), an agent multiple-employer plan administered by the Retirement Board of MERS. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (888) 478-1919.

Funding Policy

The Road Commission is required to contribute at an actuarially determined rate; the current rate is 9.68% of annual covered payroll for general employees and 17.65% for non-union supervisors. Road Commission employees are required to contribute 4.0% of their annual covered payroll. The contribution requirements of the Road Commission are established by Act No. 427 of the Public Acts of 1984, as amended, and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the Road Commission.

Annual Pension Cost

For the year ended December 31, 2005, the Road Commission's annual pension cost of \$239,142 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2003, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to

MIDLAND COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS

seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The Road Commission's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2004 the date of the latest actuarial valuation was 30 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2003	\$183,422	100%	\$ -
12/31/2004	246,402	100	-
12/31/2005	239,142	100	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2002	\$ 7,848,899	\$ 9,991,886	\$ 2,142,987	79%	\$ 1,714,390	125%
12/31/2003	7,928,106	10,117,065	2,188,959	78	1,809,057	121
12/31/2004	8,088,227	11,073,375	2,985,148	73	2,003,455	149

B. Self-Insurance Pool

The Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool (Pool). The insurance coverage includes, but is not limited to, general liability, auto, property insurance, stop loss protection, errors and omissions, truck line liability and an umbrella policy. The amount the Road Commission pays annually is determined by the Administrator of the Pool and is based on miles of roads, population and prior claim history of the Road Commission. In addition to premiums paid, the Road Commission is responsible for the first \$1,000 of legal expense incurred per occasion. All other risk is transferred to the Pool.

C. Contingencies

The Road Commission has been named as a defendant in various litigation involving lawsuits pending and notices of intent to file suit.

Management and legal counsel of the Road Commission expect no material losses in excess of insurances should an unfavorable outcome prevail. No provision for any loss has been made in the accompanying financial statements.

MIDLAND COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS

Under the terms of various Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such grants could lead to reimbursement to the grantor agencies. However, Road Commission management does not believe such disallowances, if any, will be material to the financial position of the Road Commission.

D. Single Audit

It is required by the Michigan Department of Transportation (MDOT) that Road Commissions report total federal awards for Highway Research, Planning and Construction pertaining to their County.

During the year ended December 31, 2005 the Road Commission of Midland County expended federal awards in the amount of \$1,900,883. The entire amount of these expenditures represent Department of Transportation Federal Highway grant proceeds expended on public road improvement projects under Federal Urban and Rural Programs, whereby work was administered by the Michigan Department of Transportation. Due to the work and funding of these projects being performed at the State level, these expenditures will be included in the single audit procedures of the State. No federal awards expenditures were administered by the Midland County Road Commission, therefore a single audit for the Road Commission is not required.

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OPERATING FUND SCHEDULES

MIDLAND COUNTY ROAD COMMISSION

GENERAL OPERATING FUND SCHEDULE OF REVENUES BY COMPONENT

FOR THE YEAR ENDED DECEMBER 31, 2005

	PRIMARY ROAD FUNDS	LOCAL ROAD FUNDS	COUNTY ROAD COMMISSION FUNDS	TOTAL
Revenues				
Taxes				
County millage	\$ -	\$ 1,039,158	\$ -	\$ 1,039,158
Permits and licenses	-	-	17,225	17,225
Federal sources				
Surface transportation program (STP)	1,072,411	-	-	1,072,411
D Funds	610,706	-	-	610,706
Safety	217,766	-	-	217,766
State sources				
Michigan transportation funds				
Engineering	7,000	3,000	-	10,000
Urban road	407,862	159,842	-	567,704
Allocation	3,751,956	1,427,738	-	5,179,694
State critical bridge	-	-	-	-
Economic development funds				
Rural primary (D)	420,779	-	-	420,779
Forest road (E funds)	48,135	-	-	48,135
Contributions from local units				
City and Village	-	-	4,845	4,845
Townships	-	1,301,675	-	1,301,675
Other governments	-	249,681	-	249,681
Charges for services				
State trunkline maintenance	-	-	559,897	559,897
State trunkline non-maintenance	-	-	236,552	236,552
Salvage sales	-	-	9,992	9,992
Other	-	-	4,363	4,363
Interest and rentals	29,091	510	21,436	51,037
Other				
Gain on equipment disposals	97,104	-	79,555	176,659
Royalties	-	-	-	-
Private contributions	-	-	12,127	12,127
Total revenues	<u>\$ 6,662,810</u>	<u>\$ 4,181,604</u>	<u>\$ 945,992</u>	<u>\$ 11,790,406</u>

MIDLAND COUNTY ROAD COMMISSION

GENERAL OPERATING FUND SCHEDULE OF EXPENDITURES BY COMPONENT

FOR THE YEAR ENDED DECEMBER 31, 2005

	PRIMARY ROAD FUNDS	LOCAL ROAD FUNDS	COUNTY ROAD COMMISSION FUNDS	TOTAL
Expenditures				
Construction				
Roads	\$ 430,036	\$ -	\$ -	\$ 430,036
Heavy maintenance				
Roads	3,911,124	1,758,116	-	5,669,240
Structures	2,534	8,783	-	11,317
Safety projects	36,564	-	-	36,564
Maintenance				
Roads	1,623,840	2,117,381	-	3,741,221
Structures	-	-	-	-
Winter maintenance	643,347	382,784	-	1,026,131
Traffic control	127,518	102,639	-	230,157
Total maintenance	6,774,963	4,369,703	-	11,144,666
State trunkline maintenance	-	-	585,231	585,231
State trunkline non-maintenance	-	-	236,552	236,552
Equipment expense (net)	(111,909)	(167,784)	(35,099)	(314,792)
Administrative expense (net)	238,157	153,606	-	391,763
Capital outlay (net)	(50,186)	-	(41,144)	(91,330)
Other				
Cities and villages	-	-	32,496	32,496
Total expenditures	\$ 6,851,025	\$ 4,355,525	\$ 778,036	\$ 11,984,586

MIDLAND COUNTY ROAD COMMISSION

GENERAL OPERATING FUND

SCHEDULE OF CHANGES IN FUND BALANCE BY COMPONENT

FOR THE YEAR ENDED DECEMBER 31, 2005

	PRIMARY ROAD FUNDS	LOCAL ROAD FUNDS	COUNTY ROAD COMMISSION FUNDS	TOTAL
Total revenues	\$ 6,662,810	\$ 4,181,604	\$ 945,992	\$ 11,790,406
Total expenditures	<u>6,851,025</u>	<u>4,355,525</u>	<u>778,036</u>	<u>11,984,586</u>
Revenues over (under) expenditures	(188,215)	(173,921)	167,956	(194,180)
Other financing sources (uses)				
Intrafund transfers	<u>(416,682)</u>	<u>416,682</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other (uses)	(604,897)	242,761	167,956	(194,180)
Fund balance, beginning of year	<u>1,479,964</u>	<u>45,341</u>	<u>1,377,974</u>	<u>2,903,279</u>
Fund balance, end of year	<u><u>\$ 875,067</u></u>	<u><u>\$ 288,102</u></u>	<u><u>\$ 1,545,930</u></u>	<u><u>\$ 2,709,099</u></u>